



0102 3 1154

207 5th Street, N.E.
Charlottesville, Virginia 22902
804/979-7240
Fax 804/979-7528
Web site: www.m-cam.com

February 5, 2001

Clerk of the State Corporation Commission
P.O. Box 1197
Richmond, VA 23219

0510537-4

010206 0082

Re: Amendment of the Articles of Incorporation of M-CAM, Inc.

To Clerk of the State Corporation Commission:

Enclosed please find an Amendment to the Articles of Incorporation of M-CAM, Inc. Included with the Amendment is written consent of the Preferred and Common shareholders. The signatures on the written consent represent 82.75% of the Preferred shares entitled to vote, and 81.75% of the common shares entitled to vote. Finally, also enclosed is a check in the amount of \$25.00 to cover the filing fee.

Any effort that can be made to expedite the issuance of the Certificate would be greatly appreciated. I am providing an envelope for you to return the Certificate via overnight delivery. You can also fax a copy of the certificate to the number provided above.

Thank you in advance for your assistance with this matter. If there is anything additional that I can do to assist in this process, please do not hesitate to contact me.

Sincerely,

RBZ
Robert B. Ziemis
General Counsel

effective February 6, 2001

Domestic amend

Max change to

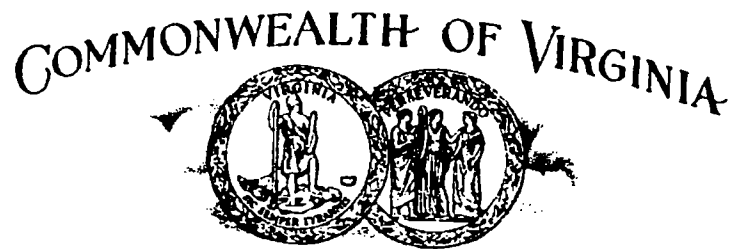
10,000,000 shares Common par value \$0.01
1,000,000 shares Preferred par value \$0.01
designated Series A Convertible Preferred Shares

FF \$25.00 *[Signature]* 2/6/01

CLINTON MILLER
CHAIRMAN

THEODORE V. MORRISON, JR.
COMMISSIONER

HULLIHEN WILLIAMS MOORE
COMMISSIONER



STATE CORPORATION COMMISSION

JOEL H. PECK
CLERK OF THE COMMISSION
P.O. BOX 1197
RICHMOND, VIRGINIA 23218-1197

February 6, 2001

ROBERT B ZIEMS
M.CAM INC
207 5TH ST NE
CHARLOTTESVILLE, VA 22902

RE: M.CAM, Inc.
ID: 0510537 - 4
DCN: 01-02-06-0082

This is your receipt for \$25.00 covering the fees for filing the following with this office:
articles of amendment to change authorized shares of stock

The effective date of the certificate of amendment is February 6, 2001.

If you have any questions, please call (804) 371-9733.

Sincerely,

A handwritten signature in black ink that reads "Joel H. Peck". The signature is written in a cursive style with a large, stylized "J" and "P".

Joel H. Peck
Clerk of the Commission

AMENACPT
CIS0436

CISLEGL

SCC036

CISM0180

CIS

CORPORATE DATA INQUIRY

02/06/01

14:52:21

CORP ID: 0510537 - 4 STATUS: 00 ACTIVE

STATUS DATE: 12/13/99

CORP NAME: M.CAM, INC.

DATE OF CERTIFICATE: 10/21/1998 PERIOD OF DURATION: INDUSTRY CODE: 00

STATE OF INCORPORATION: VA VIRGINIA STOCK INDICATOR: S STOCK

MERGER INDICATOR: MONITOR INDICATOR:

GOOD STANDING INDICATOR: Y CASE STATUS: HEARING DATE:

CHARTER FEE: CASE NO:

R/A NAME: DAVID E MARTIN

M.CAM INC

STREET: 207 5TH ST NE

AR RTN MAIL:

CITY: CHARLOTTESVILLE

STATE : VA ZIP: 22902

R/A STATUS: P PRESIDENT

EFF. DATE: 11/02/00 LOC.: 203

ACCEPTED AR#: 200 73 1323 DATE: 10/30/00 CHARLOTTESVILLE

CURRENT AR#: 200 73 1323 DATE: 10/30/00 STATUS: A ASSESSMENT INDICATOR: 0

YEAR	FEES	PENALTY	INTEREST	TAXES	BALANCE	TOTAL SHARES
00	850.00					10,600,000

COMMAND:

CISLEGL

SCC036

CISM0250

CIS

MICROFILM INQUIRY

02/06/01

14:52:26

CORP ID: 0510537 - 4

CORP STATUS: 00 ACTIVE

CORP NAME: M.CAM, INC.

COURT LOCALITY: 203 CHARLOTTESVILLE CITY

TOTAL CHARTER FEES: 2,500.00

MICROFILM NO	DOCUMENT TYPE	DATE	CHARTER FEE	PAGES
00 11 02 0086	RAC > REGISTERED AGE	11/02/00		1
00 01 04 0576	AMEN > AMENDMENT	01/14/00		11
00 01 03 1198	REST > RESTATEMENT	01/07/00		6
99 12 05 0052	AMEN > AMENDMENT	12/07/99	1500.00	3
99 12 04 0180	RAC > REGISTERED AGE	12/09/99		1
99 07 07 0087	AMEN > AMENDMENT	07/19/99		2
98 10 05 0451	NEWC > NEW CHARTER	10/21/98	1000.00	5

COMMAND:

CIS0322
SCC090

CISM0210

CIS
CORPORATE CURRENT STOCK DATA

02/06/01
16:38:01

CORP ID: 0510537 - 4
CORP NAME: M.CAM, INC.

CORP STATUS: 00 ACTIVE

C U R R E N T S T O C K D A T A

CLASS	SHARES AUTH	CLASS	SHARES AUTH	CLASS	SHARES AUTH
COMMON	10,000,000	PREFER	174,468	CONVPA	425.532

TOTAL NUMBER SHARES AUTHORIZED: 10,600,000

COMMAND:
4A_ 07.015

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

February 6, 2001

The State Corporation Commission has found the accompanying articles submitted on behalf of
M.CAM, Inc.

to comply with the requirements of law, and confirms payment of all related fees.

Therefore, it is ORDERED that this

CERTIFICATE OF AMENDMENT

be issued and admitted to record with the articles of amendment in the Office of the Clerk of the
Commission, effective February 6, 2001, at 11:26 AM.

The corporation is granted the authority conferred on it by law in accordance with the articles,
subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By 

Commissioner

01-02-06-0082
AMENACPT
CIS0436

M•CAM, INC.
ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION
Designating the
INCREASE IN THE NUMBER OF PREFERRED SHARES

1. Name. The name of the Corporation is M•CAM, Inc. (the "Corporation").
2. The Amendment. The amendment, a copy of which is attached hereto, amends the Articles of Incorporation of the Corporation as follows:

a. Section 3.1 of Article III is amended to increase the number of Preferred shares from six hundred thousand (600,000) to one million (1,000,000) Preferred shares and will read as follows:

3.1 Number and Designation. The aggregate number and designation of shares which the Corporation shall have the authority to issue and the par value per share are as follows:

<u>Class</u>	<u>Number of Shares</u>	<u>Par Value</u>
Preferred	1,000,000	\$0.01
Common	10,000,000	\$0.01

- b. This Amendment replaces the first paragraph of Article VII to the Articles of Incorporation with the following:

One million (1,000,000) authorized Preferred Shares (\$0.01 par value) are hereby designated as a series of Preferred Shares to be called the Series A Convertible Preferred Shares (the "Preferred A Shares"). The Preferred A Shares shall have the following preferences, limitations and relative rights:

3. Board Action. The Board of Directors voted to increase the number of authorized Preferred shares by unanimous vote on January 12, 2001.
4. Shareholder Action. The Common Shareholders and Preferred Shareholders duly adopted the amendment by at least two-thirds (2/3) consent of each voting group on January 30, 2001 pursuant to Section 13.1-707(E) of the Code of Virginia.

Dated: February 5, 2001

M•CAM, Inc.

By: 

David E. Martin
Chief Executive Officer

**ARTICLE III
AUTHORIZED SHARES**

3.1 Number and Designation. The aggregate number and designation of shares which the Corporation shall have the authority to issue and the par value per share are as follows:

<u>Class</u>	<u>Number of Shares</u>	<u>Par Value</u>
Preferred	600,000	\$0.01
Common	10,000,000	\$0.01

3.2 Preemptive Rights. Except as otherwise may be provided in the Articles of Incorporation, as amended, no holder of outstanding shares of the Corporation's capital stock shall have any preemptive right with respect to, or to subscribe for or purchase: (i) any shares of any class of the Corporation, whether now or hereafter authorized, (ii) any warrants, rights or options to purchase any such shares, or (iii) any obligations convertible into any such shares or into warrants, rights or options to purchase any such shares.

3.3 Stock Split. The Corporation is authorized to split the stock, fifty to one.

ARTICLE VII

SERIES A CONVERTIBLE PREFERRED SHARES

One million (1,000,000) authorized Preferred Shares (\$0.01 par value) are hereby designated as a series of Preferred Shares to be called the Series A Convertible Preferred Shares (the "Preferred A Shares"). The Preferred A Shares shall have the following preferences, limitations and relative rights:

7.1 Dividends.

(a) The holders of the outstanding Preferred A Shares shall be entitled to receive, out of funds legally available therefor, as and when declared by the Board of Directors, a cash dividend at the rate of \$0.47 per share per annum, non-cumulative, on all such Preferred A Shares outstanding at the time, which dividends shall be payable quarterly, and before any dividend shall be set apart or paid on the Common Shares. Except to the extent of the foregoing provision, the Preferred A Shares will be nonparticipating, and no right will accrue to holders thereof because of the fact that dividends on such shares are not, or have not been, declared in a prior period.

(b) Whenever a dividend is declared or paid on the Preferred A Shares and subject to the restriction set forth in Section 7.8(b)(iii), the Board of Directors may, if in its judgment the surplus or net profits of the Corporation, after deducting the amount of dividends to accrue on the Preferred A Shares during the current year, shall be sufficient for such purpose, then and thereafter declare and pay a dividend, out of funds legally available therefor, in such amount, as the Board of Directors may determine, non-cumulative, on all Common Shares, which dividends shall be payable yearly, half-yearly or quarterly as the Board of Directors may from time to time fix and determine.

7.2 Voting Rights.

(a) Number of Votes. Except as otherwise required by law and the provisions of this Article, the holders of Preferred A Shares and the holders of Common Shares shall be entitled to notice of any shareholders' meeting and to vote together as a single voting group upon any matter submitted to shareholders of the Corporation for a vote, on the following basis:

(i) holders of Common Shares shall have one vote per share; and

(ii) holders of Preferred A Shares shall have that number of votes per share as is equal to the whole number of Common Shares into which each such Preferred A Share held by such holder is convertible at the time of such vote.

(b) Quorums. Except as otherwise required by law and so long as any Preferred A Shares remain outstanding, the following shall constitute quorums at meetings of shareholders:

(i) The presence in person or by proxy of the holders of shares constituting a majority of the votes entitled to vote thereat, calculated in accordance with the provisions of Section 7.2(a) hereof, shall constitute a quorum for the purpose of the transaction of business at all meetings of shareholders.

(ii) For purposes of the holders of Preferred A Shares taking action on or approving matters described in Sections 7.8(a) and 7.8(b) hereof, the presence in person or by proxy of the holders of a majority of shares of Preferred A Shares entitled to vote thereat shall constitute a quorum of such shareholders for purposes of such shareholders taking action on or approving any such matters.

7.3 Redemption.

(a) At any time on or after January 1, 2004, and on or prior to December 31, 2005 (the "Redemption Period"), each holder of Preferred A Shares then outstanding shall have the right, exercisable only during the Redemption Period, to require the Corporation to repurchase and redeem all Preferred A Shares held by such holder in accordance with the provisions of this Section 7.3 unless one of the following events shall have occurred prior to January 1, 2004, in which case no holder shall have any right to require the Corporation to redeem such holder's Preferred A Shares:

(i) the Corporation shall have concluded a Public Offering of any of its shares of capital stock;

(ii) the Corporation shall have sold, leased, exchanged, or otherwise disposed of all or substantially all of its property or business;

(iii) the Corporation shall have consolidated with, or merged with or into, another corporation where, immediately after such consolidation or merger, persons who were not shareholders of the Corporation immediately prior to such consolidation or merger have Voting Control of the Corporation or the surviving corporation, as the case may be; or

(iv) a number of Preferred A Shares and Common Shares, representing Voting Control, shall be owned by persons or entities who were not holders of Preferred A Shares or Common Shares as of May 1, 2000.

(b) A holder of Preferred A Shares desiring to effect such a redemption shall deliver written notice thereof to the Corporation, specifying in such notice the number of Preferred A Shares which such holder desires to have repurchased and redeemed (the "Redeemed Shares"). Within ten (10) days after receipt of such notice, the Corporation shall send a written notice to such holder fixing the date for redemption (the "Redemption Date") of such holder's Redeemed Shares. The Redemption Date shall not be later than two (2) years following the date the Corporation receives written notice from such holder requesting redemption of such holder's Preferred A Shares.

(c) The redemption price for each of the Redeemed Shares shall be \$4.70, plus any accrued and unpaid dividends thereon (the "Redemption Price"). Notwithstanding the provisions of Section 7.1 (a), from and after the date the Corporation receives written notice from a holder of Preferred A Shares requesting redemption of such holder's Preferred A Shares, the holder of Redeemed Shares shall be entitled to receive, out of funds legally available therefor, as and when declared by the Board of Directors, a cash dividend at the rate of \$0.564 per share per annum on all such Redeemed Shares until the Redemption Date, which dividend (i) shall be payable quarterly and before any dividend shall be payable on the Common Shares, and (ii) shall accrue and be payable only upon redemption.

(d) Upon redemption of the Redeemed Shares in accordance with the provisions hereof and in addition to payment of the Redemption Price set forth above:

(i) the Corporation shall issue its warrants to the holders of Redeemed Shares, entitling each such shareholder to purchase at any time during the five (5) years following the Redemption Date a number of Common Shares equal to the number of Redeemed Shares;

(ii) the warrant purchase price for each such Common Share shall be the greater of (i) \$4.70, or (ii) the fair market value of a Common Share at the warrant issue date. For purposes of this provision, if the Common Shares are publicly traded on a national securities exchange, or on the NASDAQ Stock Market, "fair market value" means the closing price per Common Share on the last trading date immediately preceding the warrant issue date. If the Common Shares are not so publicly traded, "fair market value" means the greatest amount at which the Corporation has, within the three (3) month period preceding the warrant issue date, sold a Common Share or, if it has not within such period sold Common Shares, then sold another security convertible into Common Shares but with such adjustment to the selling price for such other security as may be appropriate to reflect the value of the Common Shares into which such security is convertible; or if the Corporation has not sold any such security within such period, the fair market value of a Common Share shall be determined by an independent appraiser mutually agreeable to the holders of the Redeemed Shares and the Corporation, or if no such appraiser can be found within three months after the Redemption Date, by arbitration conducted in accordance with the rules of the American Arbitration Association. The expense of an appraiser or of arbitration shall be borne equally by the holders of the Redeemed Shares and the Corporation.

(e) At least thirty (30) days prior to the Redemption Date, the Corporation shall notify the holder of Redeemed Shares in writing of the procedure for surrendering certificates representing Redeemed Shares in exchange for the Redemption Price and warrants as provided herein. From and after the Redemption Date, all Redeemed Shares shall, whether or not the certificates therefor shall have been surrendered for cancellation, no longer be deemed to be outstanding for any purpose, and all rights with respect to such shares shall thereupon cease and terminate except the right to receive payment of the Redemption Price, but without interest, and warrants for Common Shares as provided herein, against surrender for cancellation of the certificate or certificates representing such Redeemed Shares.

(f) Preferred A Shares purchased, redeemed or otherwise acquired by the Corporation shall not thereafter be disposed of as Preferred A Shares but shall become authorized and unissued Preferred Shares undesignated as to series.

(g) Redemptions of Preferred A Shares shall only be permitted to the extent permitted under the Virginia Stock Corporation Act and not restricted pursuant to covenants or default provisions contained in the Corporation's financing documents or in securities ranking senior to or on a parity with the Preferred A Shares. The Corporation shall, to the fullest extent permitted by law, do all things necessary to redeem the Preferred A Shares required to be redeemed by this Section 7.3, and to make the payments therefor.

7.4 Liquidation. In the event of the liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the outstanding Preferred A Shares shall be entitled to be paid in cash out of the net assets of the Corporation, including its capital, a preferential liquidation payment of \$4.70 per share (plus any dividends which have accrued but remain unpaid at such time) before any distribution or payment shall be made to the holders of the Common Shares. After payment of the preferential amounts to which they are entitled to the holders of the outstanding Preferred A Shares, the balance of such assets, if any, shall be paid ratably to the holders of the Preferred A Shares and the holders of the Common Shares in proportion to the number of Common Shares then held by them (assuming full conversion of all outstanding Preferred A Shares at the Conversion Price then in effect). For purposes of the preceding sentence, neither the consolidation of the Corporation with nor the merger of the Corporation into any other corporation, nor the sale, lease or other disposition of all or substantially all of the Corporation's properties and assets shall, without further corporate action, be deemed a liquidation, dissolution or winding up of the affairs of the Corporation. If the net assets of the Corporation are insufficient to pay to the holders of the Preferred A Shares the full amounts to which they are respectively entitled, the entire net assets of the Corporation remaining shall be distributed ratably to the holders of the Preferred A Shares in proportion to the full preferential amounts to which they are respectively entitled.

7.5 Conversion Into Common Shares. The holders of the Preferred A Shares shall have rights to convert the Preferred A Shares, and the Preferred A Shares shall automatically be converted, into Common Shares at the then effective Conversion Price and in accordance with the provisions of this Section 7.5.

(a) From and after the time the Corporation shall have established an Effective Liquidity Pool, but not before May 1, 2000, each holder of Preferred A Shares shall have the right to convert, without the payment of any additional consideration, each such Preferred A Share held by such holder into such number of fully paid and nonassessable Common Shares as is determined by dividing \$4.70 by the Conversion Price (determined as hereinafter provided) in effect at the time of such conversion. The Corporation shall promptly send written notice to each holder of Preferred A Shares of the establishment of a Effective Liquidity Pool.

(b) From and after the time the Corporation shall have closed a Qualified Public Offering, each of the Preferred A Shares shall automatically be converted into such number of fully paid and nonassessable Common Shares as is determined by dividing \$4.70 by the Conversion Price in effect at the time of such conversion. The Corporation shall send written notice of its intention to close a Qualified Public Offering to each holder of Preferred A Shares at least five (5) days prior to the consummation of such offering.

(c) The conversion price for each of the Referred A Shares (the "Conversion Price") shall be equal to \$4.70, subject to adjustment as hereinafter provided:

(i) If and whenever the Corporation issues or sells any Common Shares for a consideration per share, or issues and sells any securities or instruments convertible into Common Shares for a conversion price per share, that is less than the Conversion Price in effect immediately prior to the time of such issue or sale, then immediately upon such issue or sale the Conversion Price shall be reduced to the Conversion Price determined by dividing (A) the sum of (x) the product derived by multiplying the Conversion Price in effect immediately prior to such issue or sale by the number of Common Shares Deemed Outstanding (as defined below) immediately prior to such

issue or sale, plus (y) the consideration, if any, received, or to be received upon conversion of any securities or instruments convertible into Common Shares, by the Corporation upon such issue or sale, by (B) the number of Common Shares Deemed Outstanding immediately after such issue or sale. The term "Common Shares Deemed Outstanding" means, subject to subsection (ii) below, at any given time, the number of Common Shares actually outstanding at such time, plus the number of Common Shares deemed to be outstanding assuming exercise and/or conversion of the Corporation's options or convertible securities, whether or not such options or convertible securities are actually exercisable at such time.

(ii) Notwithstanding any provision in this Section 7.5 to the contrary, there shall be no adjustment to the Conversion Price hereunder with respect to (A) the issuance or sale of Common Shares, or options to purchase Common Shares, to employees, officers, directors and consultants of the Corporation and its subsidiaries pursuant to plans or arrangements approved by the Board of Directors, provided that the aggregate of all such Common Shares and options to purchase Common Shares so issued or sold to employees, officers, directors and consultants of the Corporation does not exceed one percent (1%) of the number of Common Shares outstanding at any given time; (B) the payment of the Permitted Distribution set forth in Section 7.7; (C) the issuance of warrants as compensation to persons providing services to the Corporation, and the issuance of Common Shares upon exercise of such warrants; and (D) the issuance of Common Shares upon conversion of Preferred A Shares.

(d) Except with respect to a Permitted Distribution as set forth in Section 7.7 below, in the event that the Corporation at any time or from time to time shall declare or pay any dividend on the Common Shares payable in Common Shares or in any right to acquire Common Shares, or shall effect a subdivision of the outstanding Common Shares into a greater number of Common Shares (by stock split, reclassification or otherwise), or in the event the outstanding Common Shares shall be combined or consolidated into a lesser number of Common Shares (by reclassification or otherwise), then the Conversion Price in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(e) No fractional Common Share shall be issued upon the conversion of any of the Preferred A Shares. All Common Shares (including fractions thereof) issuable upon conversion of more than one share of Preferred A Shares by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after such aggregation, the conversion would result in the issuance of a fraction of a Common Share, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of the fraction on the Conversion Date (as determined in good faith by the Corporation).

(f) The conversion procedure shall be as follows:

(i) Except as otherwise provided herein, each conversion of Preferred A Shares shall be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing Preferred A Shares to be converted have been surrendered for conversion at the principal office of the Corporation.

(ii) Notwithstanding any other provision hereof, if a conversion of Preferred A Shares is to be made in connection with a Qualified Public Offering, the conversion of Preferred A Shares shall be deemed to have been effected immediately prior to the consummation of such transaction.

(iii) The person in whose name the certificate or certificates for Common Shares are to be issued shall be deemed to have become a shareholder of record on the date the conversion is deemed to be effective, unless the transfer books of the Corporation are closed on that date, in which event such person shall be deemed to have become a shareholder of record on the next succeeding date on which the transfer books are open. Notwithstanding the foregoing, the Corporation may withhold any dividends otherwise payable on, and the right to vote with respect to, any Common Shares into which Preferred A Shares are converted, so long as the holder of such Preferred A Shares does not surrender the holder's certificate(s) therefor for exchange as provided in this Section 7.5.

(iv) The issuance of Common shares on conversion of outstanding Preferred A Shares shall be made by the Corporation without charge for expenses in respect of the issuance of such Common Shares, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of Common Shares in any name other than that of the holder of record on the books of the Corporation of the outstanding Preferred A Shares converted, and the Corporation shall not be required to issue or deliver any certificate for Common Shares unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(g) Common Shares issued on conversion of Preferred A Shares shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall, at all times, reserve and keep available for the purpose of effecting the conversion of the outstanding Preferred A Shares such number of its duly authorized Common Shares as shall be sufficient to effect the conversion of all of the outstanding Preferred A Shares.

(h) Preferred A Shares converted as provided herein shall become authorized and unissued Preferred Shares undesignated as to series.

7.6 Preemptive Rights. Notwithstanding the provisions of Section 3.2 of these Articles of Incorporation:

(a) The Corporation shall provide to each holder of Preferred A Shares the right of first refusal to purchase its pro rata share of all or any part of any New Securities (as defined below) which the Corporation may, from time to time, propose to sell and issue. A holder's pro rata share, for purposes of this right of first refusal, is the ratio that the number of Common Shares issuable upon conversion of the Preferred A Shares held by such holder bears to the sum of the total number of Common Shares then outstanding and the number of Common Shares issuable upon conversion of the then outstanding Preferred A Shares.

(b) Except as set forth below, "New Securities" shall mean any shares of capital stock of the Corporation including Common Shares and Preferred Shares, whether now

authorized or not, and rights, options or warrants to purchase said Common Shares or Preferred Shares, and securities of any type that are, or may become, convertible into said Common Shares or Preferred Shares. Notwithstanding the foregoing, "New Securities" does not include (i) Common Shares issued upon conversion of the Preferred A Shares, (ii) securities offered to the public generally pursuant to a registration statement under the Securities Act of 1933, (iii) securities issued in the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization whereby the Corporation or its shareholders own not less than fifty-one percent (51%) of the voting power of the surviving or successor corporation, (iv) Common Shares or related options exercisable for Common Shares issued to employees, officers and directors, and consultants of the Corporation pursuant to any arrangement approved by the Board of Directors of the Corporation, (v) warrants issued as compensation to persons providing services to the Corporation, and Common Shares issued upon exercise of such warrants; (vi) stock issued pursuant to any rights or agreements, including without limitation convertible securities, options and warrants, provided that the rights of first refusal established by this Section 7.6 apply with respect to the initial sale or grant by the Corporation of such rights or agreements, and (vii) stock issued in connection with any stock split, stock dividend or reclassification by the Corporation.

(c) In the event the Corporation proposes to undertake an issuance of New Securities, it shall give each holder of Preferred A Shares written notice of its intention, describing the type of New Securities, and the price and terms upon which the Corporation proposes to issue the same. Each such holder shall have ten (10) days from the receipt of any such notice to agree to purchase up to the holders' pro rata share of such New Securities for the price and upon the terms specified in the notice by giving written notice to the Corporation and stating therein the quantity of New Securities to be purchased. In the event any holder of Preferred A Shares declines to purchase its pro rata share of such New Securities (the "Declined Shares"), the remaining holders of Preferred A Shares shall have an additional five (5) days from the expiration of said ten (10) days to purchase the Declined Securities in the rate that the number of Common Shares issuable to each such remaining holder upon conversion of the Preferred A Shares held by such holder bears to the total number of Common Shares issuable to all such remaining holders upon conversion of all their Preferred A Shares, and for the price and upon the terms specified in the notice.

(d) In the event any one or more holders of Preferred A Shares fails to exercise such right of first refusal within said fifteen (15) days, the Corporation shall have three months thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within two months from the date of said agreement) to sell the New Securities not elected to be purchased by holders of the Preferred A Shares at the price and upon the terms no more favorable to the purchasers of such securities then specified in the Corporation's notice. In the event the Corporation has not sold the New Securities or entered into an agreement to sell the New Securities within said three month period (or sold and issued New Securities in accordance with the foregoing within two months from the date of said agreement), the Corporation shall not thereafter issue or sell any of such New Securities without first offering such securities in the manner provided above.

(e) The right of first refusal granted under this Section 7.6 shall expire as follows:

(i) as to all holders of Preferred A Shares, upon the closing of the first Public Offering of Common Shares, or

(ii) as to any holder of Preferred A Shares, if such holder no longer holds at least 4,255 Preferred A Shares, or

(iii) as to all holders of Preferred A Shares, if all such holders, in the aggregate, no longer hold at least 42,553 Preferred A Shares.

7.7 Permitted Distribution to Shareholders. Notwithstanding any provision herein to the contrary, the Corporation may effect a two-for-one stock split or declare and pay a 100% stock dividend, the effect of either of which is to double the number of issued and outstanding Common Shares held by the shareholders of the Corporation on December 14, 1999 (either of which, but only one of which, may be selected by the Corporation and, as so selected, is referred to herein as a "Permitted Distribution"), if the Effective Liquidity Pool is created, aggregated or otherwise established on or before April 30, 2000. The payment of such Permitted Distribution shall occur prior to the conversion of any Preferred A Shares pursuant to Section 7.5(a). In the event the Corporation establishes an Effective Liquidity Pool on or before April 30, 2000, it shall promptly provide written notice thereof to the holders of Preferred A Shares.

7.8 Restrictions and Covenants. Without limiting the rights of the holders of Preferred A Shares to vote as a separate voting group as required by law, so long as at least 42,553 shares of Preferred A Shares shall be outstanding, the Corporation covenants as set forth below.

(a) Restrictions Regarding Securities. The holders of Preferred A Shares shall have the right to approve any proposal for the Corporation to take any of the following actions, and no such proposal shall be adopted, nor shall the Corporation take any such action, without the affirmative vote, at a meeting duly called for that purpose, or the written consent with or without a meeting, of the holders of at least two-thirds of the Preferred A Shares, voting as a separate voting group, together with such vote or consent of the holders of Common Shares (if any) as may then be required:

(i) any amendment to or repeal of any of the provisions of the Articles of Incorporation of the Corporation, as amended, setting forth the designation, preferences, limitations and relative rights of the Preferred A Shares which would adversely affect the rights or preferences of the Preferred A Shares or of the holders thereof; or

(ii) the creation or authorization of any additional class of shares of the Corporation ranking senior to or on a parity with the Preferred A Shares or of any shares or other security of the Corporation convertible into shares of any class ranking senior to or on a parity with the Preferred A Shares.

(b) Restrictions Regarding Certain Corporate Actions. The holders of Preferred A Shares shall have the right to approve any proposal for the Corporation to take any of the following actions, and no such proposal shall be adopted, nor shall the Corporation take any such action, without the affirmative vote, at a meeting duly called for that purpose, or the written consent with or without a meeting, of the holders of at least a majority of the Preferred A Shares, voting as a separate voting group, together with such vote or consent of the holders of Common Shares (if any) as may then be required:

(i) any sale, lease, exchange, conveyance or other disposition of all or substantially all of the property or business of the Corporation;

(ii) any consolidation of the Corporation with, or its merger with or into, any other corporation if, immediately after such consolidation or merger, persons who were not shareholders of the Corporation immediately prior to such consolidation or merger have Voting Control of the Corporation or the surviving corporation, as the case may be;

(iii) the payment of any dividend or the making of any other distribution on, or the purchase, redemption or other acquisition of, any shares of the Corporation which rank on a parity with or junior to the Preferred A Shares, other than the purchase or redemption by the Corporation from retiring or terminated employees, officers, directors and consultants of such number of Common Shares as does not, from any single holder of Common Shares, exceed 10,000 shares, as adjusted proportionally for any stock split, stock dividend or reclassification by the Corporation; or

(iv) any amendment of the Articles of Incorporation of the Corporation (other than an amendment referred to in Section 7.8(a)(i)).

7.9 Definitions. As used in this Article VII, unless the context otherwise requires, the following terms shall have the following meanings:

“Board of Directors” means the board of directors of the Corporation.

“Effective Liquidity Pool” means cash or other liquid assets, letters of credit, financial guarantees, bonds of indemnity or other financial instruments acceptable to the Corporation which, taken individually or in the aggregate, enable the Corporation to assume contingent liabilities in excess of \$750,000,000.

“Qualified Public Offering” means a firm commitment underwritten Public Offering of Common Shares at a public offering price of not less than three (3) times the Conversion Price per share then in effect and in which the aggregate price paid by the public for the shares shall be at least \$50,000,000 (before payment of underwriters’ discounts and commissions).

“Public Offering” means any offering by the Corporation of its equity or debt securities to the general public pursuant to an effective registration statement under the Securities Act of 1933, as then in effect, or any comparable statement under any similar federal statute then in effect.

“Voting Control” means the ownership of such number of Common Shares, Preferred A Shares or any other shares or securities permitted to be issued pursuant to this Article which, in the aggregate, permits the holders thereof to elect the board of directors of the Corporation.

For the purpose of this Article VII, the shares of any class of the Corporation of any class or series shall be deemed to rank as follows:

(a) senior to the Preferred A Shares, either as to dividends or as to rights in liquidation, if the holders of such shares shall be entitled to the receipt of dividends or of

amounts distributable upon the liquidation, dissolution or winding up of the affairs of the Corporation, as the case may be, in preference or priority to the holders of Preferred A Shares;

(b) on a parity with the Preferred A Shares, either as to dividends or as to rights in liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred A Shares, if the holders of such shares shall be entitled to the receipt of dividends or of amounts distributable upon the liquidation, dissolution or winding up of the affairs of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority of one over the other as between the holders of such shares; and

(c) junior to the Preferred A Shares, either as to dividends or as to rights in liquidation, if such shares shall be Common Shares or if the holders of the Preferred A Shares shall be entitled to the receipt of dividends or of amounts distributable upon the liquidation, dissolution or winding up of the affairs of the Corporation, as the case may be, in preference or priority to the holders of such shares.

